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15 Attorneys for Defendant and Counter-Plaintiff  
 CONOCOPHILLIPS COMPANY

## UNITED STATES DISTRICT COURT

### NORTHERN DISTRICT OF CALIFORNIA

|                                       |   |  |
|---------------------------------------|---|--|
| 19 HOUTAN PETROLEUM, INC.             | ) | CASE NO. CV 07-05627 SC                  |
| 20 v.                                 | ) | <b>JOINT STATEMENT OF THE CASE TO BE</b> |
| 21 CONOCOPHILLIPS COMPANY, a Texas    | ) | <b>READ TO THE JURY</b>                  |
| 22 Corporation and DOES 1 through 10, | ) | Trial Date: August 18, 2008              |
| 23 Inclusive                          | ) | Time: 10:00 a.m.                         |
| 24 Defendants.                        | ) | Courtroom: 1                             |
|                                       | ) | Before: Hon. Samuel Conti                |

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26 Plaintiff and Counter-Defendant Houtan Petroleum, Inc. ("Houtan Petroleum") and Defendant  
 27 and Counter-Plaintiff ConocoPhillips Company ("ConocoPhillips ") hereby jointly propose the  
 28 following agreed upon brief statement of the case to be read to the jury prior to trial:

Houtan Petroleum operates a gas station at 101 E. El Camino Real, Mountain View, California. Prior to October 31, 2007, Houtan Petroleum operated the station as a Union 76 branded franchisee pursuant to a sublease with ConocoPhillips. ConocoPhillips is the owner of the Union 76 brand and trademark. ConocoPhillips also owns the equipment (for example, the fuel pumps, underground piping, fuel tanks and other equipment) and improvements (such as the buildings and canopies) at the station. ConocoPhillips does not own the land on which the station is located, but leased it from a third-party named V.O. Limited Partners.

ConocoPhillips terminated its franchise with Houtan Petroleum effective October 31, 2007 due to that fact that its lease with V.O. Limited Partners expired. Since November 1, 2007, Houtan Petroleum has been operating the station pursuant to a new lease directly with the landowner, V.O. Limited Partners

Motor fuel station franchises are governed by a federal law called the Petroleum Marketing Practices Act or the "PMPA" which contains specific provisions for the steps a franchisor must take when a petroleum franchise agreement is terminated. Plaintiff contends that ConocoPhillips violated provisions of this law by not making a "bona fide" offer to sell its equipment and improvements at the gas station to Plaintiff. ConocoPhillips contends that it fully complied with the PMPA and that it did make a "bona fide" offer to Plaintiff.

ConocoPhillips has also brought claims against Houtan Petroleum. In these claims, ConocoPhillips claims that Houtan Petroleum has wrongfully refused to return ConocoPhillips' property (the equipment and improvements at the station). ConocoPhillips contends that under the parties' franchise agreement, Houtan Petroleum was required to return this property to ConocoPhillips upon expiration or termination of the franchise agreement. Houtan Petroleum does not deny that it has retained this property, but contends that it was entitled under the law to do so.

Dated: August 8, 2008

BLEAU / FOX,  
A Professional Law Corporation

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1 Dated: August 8, 2008

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